THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The rupee is already convertible in the current account. In his Budget speech for 1997-98, the Finance Minister described capital account convertibility as a "cherished goal". The Reserve Bank of India was asked to appoint a group of experts to lay out the road map towards capital account convertibility, prescribe the economic parameters which have to be achieved at each milestone and work out a detailed time table for moving towards convertibility. The group of experts submitted its report to the Reserve Bank of India on May 30, 1997.

(b) The benefits of capital account convertibility have been listed in the Report of the Committee on Capital Account Convertibility. According to this report, capital account liberalisation augments the availability of capital stock, allows residents to hold an internationally diversified portfolio, permits more efficient financial intermediation, and alignment of domestic financial asset prices with international levels. It also induces the strengthening of domestic monetary and fiscal discipline.

(c) Countries which moved towards capital account convertibility were in general able to attract foreign investment on a sustained basis and achieve satisfactory growth rate in the long run. However, investment and growth rate do not depend solely on capital account convertibility; other factors play important roles as well.

(d) Does not arise.

Information regarding persons with taxable income

2245. SHRI E. BALANANDAN:
SHRI BRATIN SENGUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have full knowledge about those who have taxable income but do not pay taxes;

(b) if so, whether any action has been initiated against them after June 30 deadlines; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The relatively small number of tax payers as compared to the population of the country as also the results of search, surveys and other inquiries suggest that there are many people who, though have taxable income, do not pay income-tax either wholly or in part, on their income.

(b) and (c) The Investigation Wing of the Income-tax Department, as an ongoing process, collects information about tax evasion and whenever positive information about tax evasion or non-filing of return comes to the notice of the Income-tax Department, action to tax the income, is initiated. Further this year the Government has announced Voluntary Disclosure of Income Scheme 1997 which offers an opportunity to persons who have evaded tax in the past, to declare their undisclosed income. The scheme is effective from 1st July, 1997 and will remain in operation till 31-12-1997.

The Finance Act, 1997 has also introduced a proviso to Section 139(1) requiring every person who satisfies certain prescribed economic criteria, to file return of income. The provisions are applicable with effect from 1-4-97 i.e. Assessment Year 1997-98.